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TAX RESEARCH IN THE LIBRARY

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INTRODUCTION

Due to the increasing complexity of the Canadian taxation system, tax research is becoming an integral part of our daily activities. Indeed, only through such research are we able to *fully understand, interpret and correctly apply* a legal text. However, such an overall understanding of a legal text can only be obtained if research work is professionally conducted. Therefore, the objective of this study is to explain the procedure to be followed in order to bring about a successful tax research. To that effect, this publication has been structured into two distinct Parts:

Part 1 analyses *the content* of different tax publications to acquaint researchers with the numerous "working tools" currently available.

Part 2 proposes a methodological approach to research by which the researcher will be able to rapidly *select* documents which, in all probability, will meet his/her needs.

Since the primary role of a tax research is to ensure a thorough understanding of a legal text, it is appropriate to begin with the *process of adoption of a Bill* and become acquainted with the first tax-related research documents.

Note to the reader: This study was conceived in such a way as to reproduce the primary text *on the right hand page*. The left hand page will regroup the explanatory notes to which the reader will be referred through the use of the expression [NOTE] inserted at appropriate places on the right hand page. These notes will provide the reader with secondary information in relation to specific topics. *The optional reading* of these notes will allow the reader to *personally decide* the desired level of information.

CHAPTER I

LEGISLATIVE DOCUMENTS

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A The public announcement of a Bill can be done in a number of ways:

- **by the presentation of a Budget:** the budget documents are usually accompanied by a *Notice of Ways of Means Motion* [explanations of the changes in simple language] as well as supplementary information such as the Department of Finance's explanatory notes [Technical notes],
- **by the tabling of a white paper:** a white paper indicates the government's intention to present a Bill based on its contents, following suggestions and comments obtained from the public,
- **by the declaration of an economic statement:** this declaration consists of an update of the economic and financial position of the country and is frequently accompanied by a Notice of Ways and Means Motion,
- **by a Ministerial declaration:** public declaration by the applicable Minister,
- **by the tabling of a Notice of Ways and Means Motion:** this notice differs from the one tabled along with a Budget since it is a *more complete document* [use of precise legal language] and is introduced as a *separate entity* in the House of Commons,
- **by a draft Bill:** this type of document makes it possible for the government to evaluate reactions from interested parties, or
- **by a press release:** this type of public announcement is frequently used to quickly put an end to transactions perceived as undesirable.

B Two committees study the proposed changes:

- the House of Commons *Standing Committee on Finance and Economic Affairs* and,
- the Senate *Standing Committee on Banking, Trade and Commerce*.

C It is important to realize that a Bill may have been considerably modified between the date of its initial introduction and the date it obtained Royal Assent. While carrying on a tax research, it is therefore recommended to ascertain that the explanatory notes accompanying the Bill still reflect the reality *of the final text*.

PROCESS OF ADOPTION OF A BILL

The process of adoption of a Bill normally contains the following seven sequential steps:

Public announcement: The purpose of this announcement is to publicize the government's intention [NOTE A].

Adoption of the Notice of Ways and Means Motions: This step consists in an order to table the Bill *based on the dispositions* of the Notice of Ways and Means Motion.

First reading: This step is not an actual reading but rather a first presentation of the Bill to the House of Commons. This step authorises the printing of the Bill and allocates it a number: C - # ¹.

Second reading: This step consists in a debate on the "principle" of the Bill. Once the principle is adopted, the Bill is referred to committees [NOTE B] for further study. These committees ultimately present a report suggesting possible amendments. Following the study of the report, the Bill is printed a second time.

Third reading: This reading by the House of Commons is the last opportunity to amend the Bill. Following this review, the Bill is printed for the last time.

Senate readings: Just as for the House of Commons, the Bill is subjected to *three distinct readings*. These readings do not normally produce any amendments to the Bill.

Royal Assent: In the course of this last step, the Bill is submitted for approval to the Governor General and becomes Canadian law [ex.: Bill C-23 became chapter 55 [S.C. 1986, c. 55] ² of the Statutes of Canada [NOTE C].

Once the process of adoption of a Bill is completed, all resulting changes are inserted in the *Income Tax Act [ITA]* and reproduced by the two major Canadian publishing houses covering taxation: *CCH and Carswell* ³.

¹ The letter C signifies "Commons" and the number which follows indicates the position of this Bill in comparison to all other Bills presented during the current parliamentary session. [ex.: C-139 signifies that this Bill was the 139th Bill heard during the current parliamentary session].

² The designation S.C. 1986, c. 55 signifies that this new Canadian law was the 55th Statute of Canada to have been adopted during the 1986 calendar year.

³ The publishing house *Carswell* regroups the former publishing houses of *Carswell* and *Richard De Boo Publishers*.

- A A copy of the explanatory notes along with the legal text under study can be obtained from either the Department of Finance or from one of the major tax publishing houses such as Carswell, CCH or Prentice-Hall. Copies of this document can also be found, for example:
- **In looseleaf form:**
 - under the tab *Pending Amendments* of the publication *Canada Tax Service* [Carswell],
 - under the tab *Technical Notes* of the publication *Canadian Current Tax Proposals* [CCH],
 - under the tab *Current Matter* of the publication *Income Taxation in Canada* [Prentice-Hall],
 - under the tab *Current Amendments* of the publication *Tax Research Manual* [T&D],
 - **In book form:**
 - in the publication *Income Tax Act: Department of Finance Technical Notes* [Carswell],
 - in the publication *Current Amendments* [T&D],
 - **In computerized form:**
 - on *Canadian Tax Online* [Carswell],
 - on *TaxPartner* [Carswell],
 - on *Income Tax Act Series* [CCH].
- B The copy of the legal text which obtains Royal Assent is not listed as a research document since it becomes automatically part of a new edition of the *Income Tax Act* published by both Carswell and CCH. There is consequently rarely a need to consult the *official copy* of this document.

Research documents:

In the process of adoption of a Bill, two documents of considerable research value become available to the researcher:

- **the explanatory notes [NOTE A]** which normally accompany the Notice of Ways and Means Motion. These notes summarize the various changes and indicate their intended purposes,
- **the copy of the 1st reading of the Bill** which allows for the review of the actual legal text [NOTE B].

However, these documents are not the only documents of importance since, throughout the process of adoption of a Bill, numerous other works are published such as:

- **various analyses** dealing with the tax repercussions of Bills under study presented as part of national or regional conferences under the auspices of the two major Canadian tax associations:
 - The *Canadian Tax Foundation* and
 - *L'Association de Planification Fiscale et Financière*,
- **numerous summaries** of tax measures under study presented by various legal and accounting associations, or
- **different commentaries** dealing with specific points presented in different tax newsletters.

Although the above-mentioned sources of information make it possible to better understand the pertinence of the proposed legislative measures, it is important to remember that any *subsequent modification* to the legal text will nullify the informative value of these writings.

As stated earlier, the thorough understanding of a legal text begins with a good comprehension of the process of adoption of a Bill and the research documents which accompany it. This understanding of the law continues by the consultation of the numerous tax publications published by the various publishing houses as well as by Revenue Canada. The following two chapters will analyse in details those tax publications.

CHAPTER II

PUBLIC DOCUMENTS

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A Here are some examples of *specialized looseleaf systems*:

— CARSWELL —

- **Canada Tax Manual [2 volumes]** — explains, under different topics, the complexities of the ITA.
- **Canada Tax Planning Service [2 volumes]** — formulates different tax planning techniques,
- **Canada Tax Words, Phrases & Rules / Dictionnaire fiscal canadien [1 volume]**¹ — identifies the words, phrases and rules which have been interpreted by different courts since 1917,
- **Tax Administration Reports [4 volumes]** — analyses the interpretation bulletins as well as the tax rulings,
- **Tax Regulations Reports [2 volumes]** — comments on and analyses the Regulations,

— CCH —

- **Canada Income Tax Guide [1 volume]** — explains, under different topics, the complexities of the ITA.
- **Canadian Current Income Tax Proposals [1 volume]** — reproduces all Bills, Notices of Ways of Means Motion, explanatory notes, regulations or press releases proposed but still not adopted by the government,
- **Revenue Canada Round Table Annotated [1 volume]** — consolidates from 1979 the questions and answers provided by Revenue Canada officials in the context of the different "Round Tables" presented by the *Canadian Tax Foundation*,
- **Window on Canadian Tax [1 volume]** — comments on a variety of documents obtained from Revenue Canada via *Access to Information Act*,

— Other Publishing Houses —

- **Access System [6 volumes published by DACFO Publications Inc.]** — comments on a variety of documents obtained from Revenue Canada via *Access to Information Act*,
- **Canada's Tax Treaties [3 volumes published by Butterworths]** — analyses the various Canadian tax treaties,
- **Rollovers and Elections under the Income Tax Act [4 volumes published by CICA]** — discusses the different tax rollovers found in the ITA,
- **Tax Case Digest [1 volume published by Prentice-Hall]** — regroups summaries of the most important tax cases,
- **Taxation of Corporate Organization and Reorganization [2 volumes published by Federated Press]** — analyses the different sections of the Act dealing with corporate reorganizations.

B The different looseleaf systems are normally updated on a weekly basis. Each update is accompanied by a coloured information bulletin² which indicates the amendments brought about to the system and a *summary of the most recent court cases*.

Regular reading of these colored documents ensures that the reader is kept up-to-date with the latest tax developments. However, these looseleaf systems may not be up- to-date in respect of amendments that have recently received Royal Assent. This situation is due to the large number of changes which forces the various publishers to *progressively* introduce the amendments in their respective system.

¹ This volume is particularly interesting as it is the only one of its kind published in Canada.

² Green bulletin entitled *Tax Topics* for Canadian Tax Reporter, pink bulletin entitled *Tax Times* for Canada Tax Service and blue bulletin for Income Taxation in Canada.

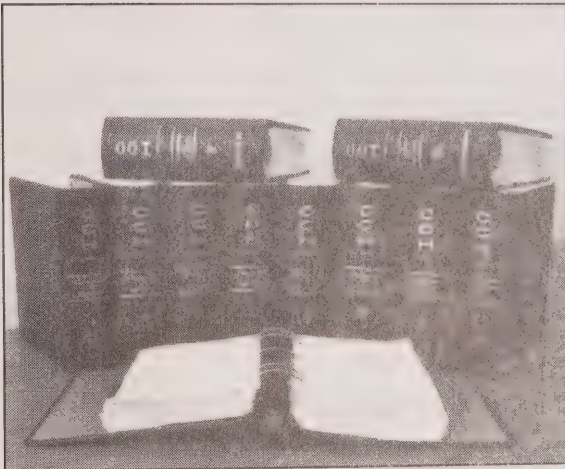
LOOSELEAF SYSTEMS

The tax looseleaf systems provide the users with an information base which is precise and complete, being continuously kept up-to-date. There exist two types of looseleaf systems:

- **the specialized systems [1 to 4 volumes]** which cover specific tax topics such as estate and tax planning, tax administration or tax rollovers [NOTE A],
- **the full service systems [11 to 14 volumes]** which analyse in detail the entire ITA [NOTE B].

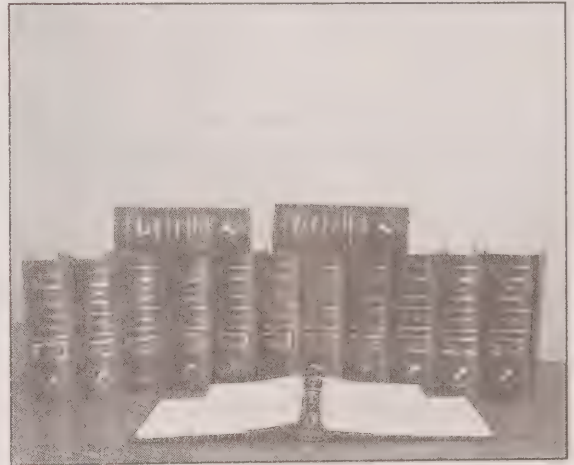
A more in-depth study of the *full service looseleaf systems* reveals that there exist three main systems: two organized *by sections of the Act* and one other organized *by subjects*:

By sections of the Act



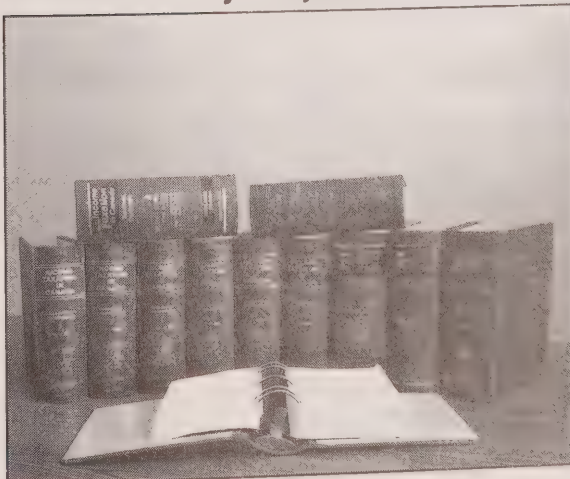
Canadian Tax Reporter
published by CCH [page 15]

By sections of the Act



Canada Tax Service
published by Carswell [page 17]

By subjects



Income Taxation in Canada
published by Prentice-Hall [page 19]

- A Under the tab *Topical Index, Case Table, Finding Lists* can be found, among other things, the following information:
- *Index by subjects* which allows the conversion of the looseleaf system into a system *by subjects*,
 - *Appeals to court decisions* where are listed the court decisions presently under appeal in the Federal Court of Canada or the Supreme Court of Canada.
- B Under the tab *New Matters* can be found the summary of the *most recent court decisions* as well as various information pertaining to the federal taxation system.
- C *Focus on Current Cases* reproduces the editorials of court cases appearing monthly in the green update sheet "Tax Topics" under the heading "*Focus on Current Cases*".
- D Under the tab *The Law - Legislative Record* can be found many federal laws which complement the ITA such as:
- the *Interpretation Act*,
 - the *Financial Administration Act* along with various tax remission orders.

CANADIAN TAX REPORTER**Organizational Structure**

The first six volumes of CANADIAN TAX REPORTER primarily cover tax commentaries and follow the numerical sequence of the *Income Tax Act*:

VOLUME 1: - Topical Index, Case Table, Finding Lists [NOTE A]
- Tax commentaries - sections 1-19.1

VOLUME 2: - Tax commentaries - sections 20-81

VOLUME 3: - Tax commentaries - sections 82-116

VOLUME 4: - Tax commentaries - sections 117-149.1

VOLUME 5: - Tax commentaries - sections 150-180

VOLUME 5A: - Tax commentaries - sections 180.1-260
- ITAR

The next three volumes cover international tax treaties, government publications, as well as many other subjects:

VOLUME 6: - Tax Agreements

VOLUME 7: - Forms [reproduction of all the forms published by Revenue Canada]
- Licences, Duties, Miscellaneous Taxes
- New Matters [NOTE B]
- Focus on Current Cases [NOTE C]

VOLUME 8: - Government Publications [Information Circulars, Interpretation Bulletins and Technical News]

The last two volumes relate to the *Income Tax Act*:

VOLUME 9: - The Income Tax Act

VOLUME 10: - Income Tax Regulations
- Draft Regulations
- The Law - Legislative Record [NOTE D]
- Advance Rulings
- Advance Rulings - Second Series

- A Under the tab *Table of Cases* are listed the court decisions presently under appeal in the Federal Court of Canada or the Supreme Court of Canada.
- B Information found under the tab *Index to Commentary* allows the conversion of the looseleaf system into a system *by subjects*.
- C Under the tab *Pending Amendments* can be found copies of Bills, Notice of Ways and Means Motion, explanatory notes as well as regulations which have been proposed *but are still not adopted* by the government.
- D The tab *Current* reproduces the following information:
- the recent government reports, and
 - the different prescribed rates of interest.
- E Under the tab *Special Provisions Not in Act* can be found several federal laws which complement the ITA such as:
- the *Interpretation Act*,
 - the *Financial Administration Act* along with various tax remission orders.

CANADA TAX SERVICE**Organizational Structure**

The first eleven volumes of CANADA TAX SERVICE primarily cover tax commentaries and follow the numerical sequence of the *Income Tax Act*:

- VOLUME 1:** - Table of Cases [NOTE A]
- Index to Commentary [NOTE B]
- Pending Amendments [NOTE C]
- Current [NOTE D]
- Introduction [various tax documents of a general nature]
- Tax Rulings
- Tax commentaries - sections 2 to 4
- VOLUME 2:** - Tax commentaries - sections 5 to 13
- VOLUME 3:** - Tax commentaries - sections 14 to 20(1)(a)
- VOLUME 4:** - Tax commentaries - sections 20(1)(b) to 53
- VOLUME 5:** - Tax commentaries - sections 54 to 70
- VOLUME 6:** - Tax commentaries - sections 71 to 89
- VOLUME 7:** - Tax commentaries - sections 90 to 114.2
- VOLUME 8:** - Tax commentaries - sections 115 to 127.4
- VOLUME 9:** - Tax commentaries - sections 127.5 to 156.1
- VOLUME 10:** - Tax commentaries - sections 157 to 219.2
- VOLUME 11:** - Tax commentaries - sections 220 to end
- Special Provisions Not in Act [NOTE E]
- Federal - Provincial Tax Agreements

The next two volumes cover international tax treaties as well as reproduce the various forms published by Revenue Canada:

- VOLUME 12:** - International Tax Agreements/Conventions
- VOLUME 13:** - Forms [reproduction of all the forms published by Revenue Canada]

The last volume covers the *Income Tax Act*:

- VOLUME 14:** - Income Tax Act
- Income Tax Regulations

- A Under the tab *Cross-Reference Tables* can be found, amongst other things, an *index by section of the Act* which allows the conversion of the looseleaf system into a system *by sections of the Act*.
- B Under the tab *Current Matter* can be found copies of Bills, Notice of Ways and Means Motions as well as regulations which have been proposed *but are still not adopted* by the government.
- C The divider *Tax Planning* regroups tax planning articles published in the monthly update bulletin *Report Bulletin*.
- D The tab *News Releases* contains the press releases published by Revenue Canada or by the Department of Finance.
- E The majority of the *tax guides* which accompany the various tax returns (T1, T2, T3) are reproduced under the tab *Guides*.
- F The tab *Other Law* contains copies of various federal laws which complement the ITA such as:
- the *Interpretation Act*,
 - the *Financial Administration Act* along with various tax remission orders.

INCOME TAXATION IN CANADA

-

Organizational Structure

The first volume of INCOME TAXATION IN CANADA discusses the fundamental rules of the Canadian taxation system:

- VOLUME 1:**
- Cross-Reference Tables [NOTE A]
 - Cases
 - Current Matter [NOTE B]
 - Tax Planning [NOTE C]
 - News Releases [NOTE D]

The next two volumes analyse the significance of the term "income":

- VOLUME 2:**
- Who is Taxed
 - What is Taxed
 - Various Sources of Income

- VOLUME 3:**
- Various Sources of Income

The following two volumes cover the different types of taxpayers, the calculation of taxable income as well as the administrative aspect of the ITA:

- VOLUME 4:**
- Various Types of Taxpayers

- VOLUME 5:**
- Computation of Taxable Income: Individuals
 - Computation of Taxable Income: Corporations
 - Administration
 - Appeals

The last seven volumes cover mainly the *Income Tax Act*:

- VOLUME 6:**
- Forms [reproduction of all the forms published by Revenue Canada]

- VOLUME 6A:**
- Guides [NOTE E]

- VOLUME 7:**
- Income Tax Act

- VOLUME 7A:**
- Income Tax Act [continued]

- VOLUME 8:**
- Press Releases
 - Income Tax Regulations
 - Conventions

- VOLUME 9:**
- Interpretation Bulletins

- VOLUME 10:**
- Information Circulars
 - Income Tax Rulings
 - Other Law [NOTE F]

A These books can be grouped into two main categories:

Introduction to Canadian Income taxation:

- Fundamentals of Canadian Income Tax [Carswell]
- Understanding Income Tax - For Practitioners [Carswell]
- Materials on Canadian Income Tax Act [Carswell]
- Canadian Master Tax Guide / Le guide du contribuable canadien [CCH]
- Preparing Your Income Tax Returns [CCH]
- Introduction to Federal Income Taxation in Canada [CCH]
- Canadian Income Taxation [Butterworths]
- Tax Principles to Remember [CICA]

Specialized subjects:

- Income Tax Act: Department of Finance Technical Notes ¹ [Carswell]
- Taxation and Estate Planning [Carswell]
- Taxation of Real Estate in Canada [Carswell]
- Taxation of Farmers and Fishermen [Carswell]
- Taxation of Trusts and Beneficiaries [Carswell]
- Taxation of Canadian Oil & Gas Income [Carswell]
- The Death of a Taxpayer [CCH]
- Canadian Depreciation Guide [CCH]
- Canadian Income Taxation of Trusts [CCH]
- Associated Corporations in Canada [CCH]
- Canadian Taxation of Real Estate [CCH]
- The Federal Corporate Tax Return [CCH]
- Preparing Your Corporate Tax Returns [CCH]
- Understanding the Taxation of Partnerships [CCH]
- Canadian Mining Taxation [Butterworths]
- Associated Corporations [Butterworths]
- Corporate Tax Return Handbook / Manuel pour la préparation des déclarations d'impôt des corporations [CICA / ICCA]

N.B.: To obtain a list of books dealing with taxation along with their respective Table of Contents consult the divider "*General references*" in the publication *Income Tax References* [Carswell].

¹ This publication is particularly interesting as it reproduces under each section of the Act, all the explanatory notes published by the Department of Finance since 1972.

BOOKS, MAGAZINES AND JOURNALS

There exist numerous books in bound or looseleaf forms, magazines or journals which, by providing in-depth analyses of different aspects of the Canadian tax system, play a leading role in the area of tax research.

However, with the exception of books in looseleaf form normally updated annually, it is essential to realize that other texts suffer from a serious handicap: they become rapidly outdated due to the numerous amendments made to the *Income Tax Act*. As a result, it is important to take note of the date of publication of a work so as to ensure a perfect synchronism between the commentaries in the volume and the legal text under study.

The books, magazines and journals dealing with Canadian tax are primarily published by the organisations or publishing houses listed below:

- **Books [NOTE A]:**

- Carswell,
- CCH,
- Butterworths,
- Canadian Institute of Chartered Accountants.

- **Magazines:**

- Canadian Institute of Chartered Accountants which publishes the *CA Magazine*,
- Certified General Accountants' Association of Canada which publishes the *CGA Magazine*,
- The Society of Management Accountant which publishes the *CMA Magazine*.

- **Journals:**

- Canadian Bar Association which publishes the *The Canadian Bar Review*,
- Dalhousie University which publishes the *Dalhousie Law Journal*,
- McGill University which publishes the *McGill Law Journal*,
- Ottawa University which publishes the *Ottawa Law Review*,
- Queen's University which publishes the *Queen's Law Journal*.

A Here is the cover page of some of the newsletters:

- Carswell -

THE

Canadian

TAXPAYER

PAGES 129-136

EDITOR: ARTHUR B C DRACHE, QC

AUGUST 23, 1995 — Vol. XXIII No 17

IT'S OFFICIAL: TAXES ARE HURTING US ALL

Sometimes it offers some cold comfort to learn officiality that which we knew instinctively. So we found the report of Statistics Canada dealing with after-tax income useful confirmation of the fact that taxes are hurting Canadians—and hurting "big time."

The report, which was published in mid-June, shows that in 1993, after the recovery in jobs started, the average Canadian family was left with less after-tax income in real dollar terms than at any time since 1984. The average family had \$43,225 in after-tax income, compared to \$44,152 a year earlier, and a drop of 2.1 per cent from 1992. But the real eye-opener is that the comparable figure in 1985 was \$44,022. And only in 1984 was the figure lower in the past ten years—\$43,204!

In some respects, there was good news, at least if you believe that the tax-transfer system should bring improvements at the bottom end of the scale. The bottom 20 per cent of families were the only ones which saw an increase in earnings combined with transfer payments. But every other income group either saw incomes drop in the past ten years or, at best, remain constant. To gauge the magnitude of the benefit shift, in terms of pre-tax income (and excluding transfer payments) the top families earned, on average, 23 times more than those at the bottom. But after taxes and transfers took place, the ratio was five to one.

The pre-tax earnings of the top 40 per cent of families rose, but the report states that all the income gains have been more than offset by increased taxes. The very highest income families saw a loss in family after-tax income of an astounding \$23,000, falling from \$103,396 to \$80,375, according to the report.

The impact of taxes on all but the poorest families is not a surprise, given the magnitude of tax

increases during the past ten years. Between tax reform, "loophole closing" and other tax measures, the tax bite has become enormous for those who earn big bucks. And we have noted in other years, based on Statistics Canada figures, much of the inflation we have suffered in the past can be linked to two government policies, high interest rates plus increasing taxation.

We are given to understand that the figures for 1994 will, in fact, show an across the board increase in after-tax income, though of a modest nature. But the predictions are that, because of the continuing softness in the job market, there will be another downturn in after-tax family income in 1995.

We can, of course, hope that the new found commitment (at least in the short run) for governments to keep income taxes at stable levels (and perhaps give some cuts in major populations areas such as Ontario) could mean that in the future, after-tax incomes will start rising once again. But given the fact that the levels of family income are in a significant percentage of the cases based on two earners, stagnation or cuts in the job market will inevitably have a negative effect.

Ironically, the report came out on the same day as a Conference Board of Canada study which pointed out that any move to deny deductibility of payments for retirement savings would have a profoundly negative impact—not just on the savings themselves, but also on the economy. This would arise under various scenarios offered, because many Canadians would forego consumption to save for re-

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AUGUST 23, 1995

- Carswell -

Carswell

CANADIAN TAX NEWS

Vol. XXIII, No. 1

April/May 1995

IN THIS ISSUE

SMALL IS BETTER

PROVINCIAL BUDGETS

CALENDAR YEAR-ENDS

DEAR PAUL

IN BRIEF

A few comments concerning this year's round of provincial budgets 1

A summary of the budgets of all provinces and territories except Ontario 3

Some possible inequities to watch out for 6

A letter to the Finance Minister concerning the Budget proposals for trusts 8

Tax treaties, legislative updates, revenue initiatives and some other developments 10

It is very interesting - and even intriguing - to note that the smaller provinces in Canada have bitten the bullet and brought their finances into order (or near order), while the two largest provinces (Ontario and Quebec) have seemingly been gun-shy, and are attempting to dodge the bullet instead of biting it. Of course, the political situation in both Ontario and Quebec is such that any kind of budget spells trouble one way or another. Be that as it may, it is certainly heartening to see that the Federal Government seems committed to reducing its deficit quite a bit and the provinces, other than Ontario, Quebec and Nova Scotia, have virtually eliminated their deficits altogether. Of course, the picture is not rosy if one consolidates all governmental debt and deficits - but even a long march starts with one small step.

Of particular interest is the fact that provincial deficits have been reduced without increasing taxes. If this can be done by less well-off provinces, such as Newfoundland where the fishery seems to have disappeared, then there is a clear message that it can also be done at higher levels. Of course, the pain of cutbacks and fewer social services may not yet have been felt fully, but certainly there is some hope that lessons can be learned and that Canada is not hopelessly immersed in the quagmire of compound interest.

1

- CCH -

CCH

PROFILE

Volume 4, Number 27

September 1995

Edited by Jack Bernstein of Aird & Berlis

Canadian Implications of Control

by Jack Bernstein

The Income Tax Act is replete with references to control of a corporation. The following are some examples:

(a) Private Corporation

"Private corporation" is defined to exclude a corporation that is controlled by one or more public corporations (other than prescribed venture capital corporations or prescribed federal crown corporations or by any combination thereof).¹ A loss of status as a private corporation will entail a loss of refundable dividend tax on hand² and a loss of the capital dividend account.³

(b) Canadian-Controlled Private Corporation

"Canadian-controlled private corporation" (CCPC) is defined in subsection 125(7) as meaning a private corporation that is a Canadian corporation other than a corporation controlled, directly or indirectly in any manner whatever, by one or more non-resident persons, by one or more public corporations (other than a prescribed venture capital corporation) or by any combination thereof.

The eligibility as a CCPC is relevant for the enhanced capital gains exemption,⁴ the small business deduction,⁵ the treatment of stock options and the capital dividend account (if a corporation controlled by non-residents becomes a CCPC).⁶

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PUBLISHED BY CCH CANADIAN LIMITED

- Butterworths -

Butterworths

Managing Editor: Vern Krishna, QC, FRSC, FCGA

August, 1995

VOLUME 5, NUMBER 11

Pages 103-114

COMMENTARY

Thibaudeau v. The Queen

Angelina Argento

McCarthy Tetrault, Montreal

and Gabrielle St-Hilaire

Faculty of Law, University of Ottawa

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and Gabrielle St-Hilaire

AROUND THE COURTS

S Corporations, Limited

Liability Corporations and

the Supreme Court of

Canada Decision in Crown

Forest 113

Richard G. Tremblay

On May 23, 1995, the Supreme Court of Canada laid the final word on the much-publicized judgment in the *Thibaudeau* case.¹ In this constitutional challenge of para 56(1)(b) of the *Income Tax Act* (the "Act"), the majority of the Supreme Court of Canada ruled that para. 56(1)(b) does not violate s. 15 of the *Charter of Rights and Freedoms* (the "Charter").

Although Mr. Thibaudeau ultimately lost the court challenge, she must not lose sight of what she has accomplished by bringing forward once again the debate surrounding the tax treatment of child support.² Following the release of the Supreme Court ruling, Justice Minister Allan Rock vowed to introduce changes "to make sure the system of child support is fair, especially to children."³

This article analyzes the three judgments rendered as the case made its way through the Courts, firstly before the Tax Court of Canada ("Tax Court"), then on appeal to the Federal Court of Appeal and finally to the Supreme Court of Canada.

A. FACTS

Suzanne Thibaudeau (the "Appellant" before the Tax Court and the Federal Court of Appeal and the "Respondent" before the Supreme Court of Canada) is the mother of two minor children of whom she has custody. Pursuant to a conditional divorce judgment rendered by the Superior Court of Quebec on December 1, 1987, the sum of \$1,150 per month was awarded to the Appellant for the exclusive benefit and maintenance of the two minor children. The Appellant was awarded no alimentary allowance for herself. The monthly alimony payments received by the Appellant for the maintenance of her children met all the conditions stipulated in para. 56(1)(b) of the Act. Accordingly, the Appellant was required to include the alimony payments she received in a particular year in the computation of her income for that year.

Paragraph 56(b) of the Act is a parallel provision whereby the payer of the alimony is permitted to deduct the maintenance payments he or she makes in the computation of

Circulate to:

Return to _____ for filing.

A monthly newsletter published in collaboration with the CGA Tax Research Centre providing timely insights and analyses of significant issues and developments in the tax area

NEWSLETTERS

The main objective of the various tax newsletters is to quickly inform readers of major developments affecting commercial and tax practices. To do this, these documents are published once or twice a month and comment on various topics such as:

- the political scene,
- the economy,
- the tax jurisprudence,
- taxation at the federal, provincial or municipal levels,
- new developments in tax planning.

The most popular newsletters dealing with taxation are:

Carswell:

- The Canadian Taxpayer [NOTE A],
- Canadian Tax News [NOTE A].

CCH:

- Tax Profile [NOTE A].

Butterworths:

- Canadian Current Tax [NOTE A].

Federated Press:

- Personal Tax Planning Series,
- Corporate Tax Planning Series.

Association de Planification Fiscale et Financière:

- Flash fiscal.


Canadian Tax Journal:


- Canadian Tax Highlights.

TAX ASSOCIATIONS

The tax associations annually publish an invaluable source of articles and analyses dealing with taxation. Since the majority of these publications *are in-depth analyses* of specific subjects, they become excellent research documents.

There are two Canadian tax associations which particularly stand out:

	Canadian Tax Foundation L'Association canadienne d'études fiscales page 27
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	association de planification fiscale et financière page 29
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- A The publication *Conference Report*, which regroups documents presented in the course of the Association's annual conference, reproduces each year a text entitled *Revenue Canada Round Table / Table ronde de Revenu Canada*. This segment consists of a series of questions addressed to Revenue Canada to which departmental representatives respond. This source of information compares in some way to other governmental sources [IT, IC, ATR] since it reflects the Department's position in respect of specific points of law.
- B The document *Corporate Management Tax Conference* deals each year with a specific subject in respect of which many articles are written. Some examples are:
- Conference 1994: *Corporate Tax Planning in a Changing Business Environment*,
 - Conference 1993: *Tax Planning for Canada - US and International Transactions*,
 - Conference 1992: *Income Tax and Goods and Services Tax Consideration in Corporate Financing*.
- C The *Canadian Tax Journal* is published every 2 months and regroups various subjects such as:
- *Current Cases* - analysis of important court cases,
 - *International Tax Planning*,
 - *Personal Tax Planning / Planification fiscale personnelle*,
 - *The Taxation of Corporate Reorganizations*.
- D The *Tax Papers* are tax analyses specifically mandated by the Association. Some of the most interesting *Tax Papers* are:
- Tax Paper No. 95: 1992 - *Taxation of Private Corporations and Their Shareholders (Second Edition)*,
 - Tax Paper No. 78: 1986 - *The Taxation of Controlled Foreign Corporations - An International Comparison*,
 - Tax Paper No. 71: 1983 - *Timing and Income Taxation - The Principles of Income Measurement for Tax Purposes*,
 - Tax Paper No. 69: 1982 - *The Meaning of Cost in Canadian Income Tax*.
- E The publication *Canadian Tax Highlights* is a monthly presentation of six to eight pages destined particularly for small or medium businesses.

Canadian Tax Foundation [CTF]:

The Canadian Tax Foundation was founded in 1945 as an independent tax research organization. This Toronto-based Association, which regroups approximately 9,000 members, annually nominates its governors in consultation with the Canadian Bar Association and the Canadian Institute of Chartered Accountants. The Canadian Tax Foundation's objective is to offer taxpayers and the governments of Canada the benefit of an impartial and specialized tax research on current tax problems and government finances.

The Canadian Tax Foundation publishes numerous documents such as ¹:

- ***Annual reproduction of papers presented as part of various regional conferences:***
 - Atlantic Provinces Tax Conference,
 - British Columbia Tax Conference,
 - Prairie Provinces Tax Conference,
 - Colloque sur la Gestion Fiscale,
 - Journées d'études fiscales,
 - Ontario Tax Conference,
 - Séminaires techniques.
- ***Annual reproduction of papers presented as part of two national conferences:***
 - Conference Report [NOTE A],
 - Corporate Management Tax Conference [NOTE B].
- ***Articles and analyses published by the Association:***
 - Canadian Tax Journal / La Revue Fiscale Canadienne [NOTE C],
 - Tax Papers [NOTE D],
 - Canadian Tax Highlights [NOTE E].

- ***Numerous indexes:***

To facilitate the consultation of the numerous documents published by the Foundation, indexes are published in which most of the documents issued during defined periods are organized by *subjects, authors names and titles of articles*.

¹ Since 1993, some of those documents are available on computerized diskettes. This computerized system is known as *TAXFIND*.

- A Each year, the publication *Congrès* reproduces a text entitled *Table ronde sur la fiscalité fédérale* which consists in a series of questions addressed to Revenue Canada to which departmental representatives respond. This source of information compares in some way to other governmental sources [IT, IC, ATR] as it reflects the Department's position on key points of law.
- B The *Revue de planification fiscale et successorale* is published quarterly and covers many chronicles such as:
- Recent decisions [analysis of important court cases],
 - Update of recent legislative amendments dealing with tax planning matters.
- C The *Colloques* are numerous and cover specific subjects on which different articles were written. The purpose of these *Colloques* is to update the knowledge of the association members.
- D The publication *Sommaires des textes et Index de recherche* regroups the following elements:
- **thousands of summaries** which facilitate the evaluation and pertinence of texts in respect of a particular question and allow at the same time the saving of numerous hours of research. The summaries cover all the articles and texts published by the APFF from 1978 to today,
 - **different subjects** regrouped in an "index-sujets" for greater speed and efficiency in the research,
 - an "index des auteurs".

L'Association de Planification Fiscale et Financière [APFF]:

Founded in 1976, l'Association de Planification Fiscale et Financière has approximately 2,000 members. The Association's headquarter is situated in Montreal. As well as offering symposiums and conferences, l'Association de Planification Fiscale et Financière publishes numerous documents such as:

- Reproduction of papers presented at annual Conferences and published under the title *Congrès* [NOTE A],
- Articles and analyses published in the *Revue de planification fiscale et successorale* [NOTE B],
- Reproduction of material presented at various *Seminars or regional conferences* [NOTE C],
- Publication and updating of two volumes entitled:
 - *Les impôts sur le revenu et le décès*,
 - *Cours en fiscalité*,
- Publication of a newsletter entitled *Flash fiscal*.

To facilitate the consultation of the numerous works published by the Association, it also publishes a document entitled *Sommaires des textes et Index de recherche* in which are indexed all documents published since 1978 ¹ [NOTE D].

¹ This research document entitled *Sommaires des textes et Index de recherche* is available in both looseleaf and computerized formats.

A Before December 18, 1991, a tax case could be heard at four different judiciary levels:

- **the Tax Court of Canada** heard appeals on the notices of assessments issued by Revenue Canada,
- **the Federal Court of Canada** heard two types of appeals:
 - . appeals on notices of assessment issued by Revenue Canada ¹ or
 - . appeals on decisions rendered by the Tax Court of Canada,
- **the Federal Court of Appeal of Canada** heard appeals on decisions rendered by the Federal Court of Canada, and
- **the Supreme Court of Canada** heard appeals on decisions rendered by the Federal Court of Appeal of Canada.

B The Tax Court of Canada replaced the Tax Review Board as of June 18, 1983.

C The right to appeal a decision of the Federal Court of Appeal of Canada must be obtained before the case can be heard because of the *limited number* of cases the Supreme Court of Canada can hear in a given period. This permission is normally only granted when the Supreme Court of Canada is of the opinion that the case is of such importance that it would be preferable for it to address the question.

D A list of the court cases *under appeal* ² is reproduced at the following locations:

Complete looseleaf services:

- Under the tab *Topical Index, Case Table, Finding Lists* of the publication Canadian Tax Reporter [CCH],
- Under the tab *Current* of the publication Canada Tax Service [Carswell],

Specialized looseleaf services:

- Under the tab *Table of Appeals* of the publication Tax Case Digest [Prentice-Hall],

Index of references:

- Under the tab *User Guide / Guide de l'utilisateur* of the publication Income Tax References / Références à la loi de l'impôt sur le revenu [Carswell],

Current year court cases:

- Under the tab *Tables of Appeals* of the publication Canada Tax Cases - New Series [Carswell].
- Under the tab *Topical Index Citator* of the publication Dominion Tax Cases - Current [CCH],

Computerized systems:

- Under the menu *Federal Income Tax News / Bulletin Board of Canadian Tax Online* [Carswell],
- Under the menu *Tax Court Appeals List* of Quicktax [QL Systems Ltd.],
- On the computerized database *Dominion Tax Cases* [CCH].

¹ It should be noted that before December 18, 1991, a taxpayer could elect, *at his own discretion*, to file an appeal against the notice of assessment issued by Revenue Canada either at the Tax Court of Canada or at the Federal Court of Canada.

² The date of publication of the list should always be consulted to ensure up-to-date information.

TAX JURISPRUDENCE

Due to the numerous court decisions rendered in regard to the comprehension, interpretation or application of a legal text, tax jurisprudence has unquestionably become the most important reference material of a researcher.

To fully benefit from this source of information, it is indispensable to understand two of its features:

- *the judicial hierarchy* in the context of which court decisions are rendered,
- *the publication of court decisions.*

Judicial hierarchy:

There are three federal judicial levels which hear tax cases [NOTE A]:

Tax Court of Canada: Since December 18, 1991, this Court of first instance *is the only one* which hears all appeals filed by taxpayers against notices of assessments issued by Revenue Canada - Taxation [NOTE B].

If the amount in litigation permits — tax and penalty, including interest, is equal to or lesser than \$12,000 — the taxpayer *can choose* between two judicial procedures:

- the first is known as the *informal procedure* and, as its name suggests, ensures that the appeal is heard rapidly and in an informal manner, without any particular form. In return, the decisions rendered under this procedure *do not constitute legal jurisprudence* and, but for exceptional cases, these decisions are final with no right of appeal;
- the second, known as the *general procedure*, follows the normal rules which prevail before the courts. All decisions rendered under this procedure can create precedents and can also be appealed at the Federal Court of Appeal.

The general procedure will *automatically be used* whenever the amounts under study exceed \$12,000.

Federal Court of Appeal of Canada: Tax cases heard at this judicial level are limited to appeals in respect of decisions rendered by the Tax Court of Canada under the *general procedure*.

Supreme Court of Canada: Cases heard at this judicial level are limited to appeals in respect of decisions rendered by the Federal Court of Appeal of Canada for which *permission* to appeal was granted by the Supreme Court of Canada [NOTE C].

Due to the hierarchal structure of the judicial system, it follows that the higher the judicial level, the more important the decision becomes. It is therefore recommended to verify if a judicial case is under appeal at a higher level before considering it as a final decision [NOTE D].

A The publication of legal cases incorporates numerous particularities such as:

- the division of legal cases into two distinct groups ¹:
 - . cases heard by the Supreme Court of Canada, the Federal Court of Canada [which includes the trial division and the court of appeal] as well as those heard by various levels of provincial courts,
 - . cases heard by the Tax Court of Canada,
- the presentation of a summary of the legal case at the beginning of its publication to allow the reader to become familiar with the particularities of the case and be able to quickly select cases of interest. This summary *is not part* of the official text as it is written by the editorial team of each publishing houses,
- the presentation of editorials ² in respect of important legal cases:
 - . **Canada Tax Cases:** these editorials are regularly inserted under the tab "Editorial Notes" in the looseleaf volume *Canada Tax Cases - New Series* to be later incorporated in the bound volumes regrouping the tax cases,
 - . **Dominion Tax Cases:** these editorials are published monthly by way of the green bulletin "Tax Topics" of the *Canadian Tax Reporter* under the heading "Focus on Current Cases". Later, these editorials are added to the tab "Focus on Current Cases" of the *Canadian Tax Reporter* for a period of approximately two years and thereafter bound. Additional editorials are also published as part of the annual publication of the bound *Dominion Tax Cases* volume,
- *unique to Carswell*, a brief summary of each tax case along with a rating is published in the pamphlet "Tax Cases Notes" distributed with each update of the looseleaf publication *Canada Tax Cases - New Series*. Because of the rating system, the user is able to quickly assess the importance of each tax case.

B Once published, these legal cases are normally referred to as follows:

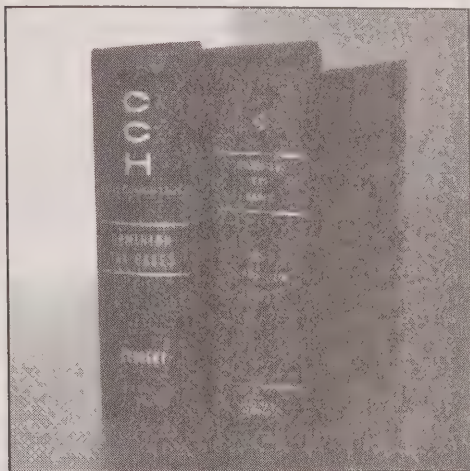
- **Dominion Tax Cases:** 92 DTC 6037 which refers to the case found on page 6037 of the volume relating to the year 1992,
- **Canada Tax Cases:** [1992] 1 CTC 57 which refers to the case found on page 57 of volume 1 relating to the year 1992.

¹ This division in the tax cases is found in both tax cases published in book and looseleaf formats.

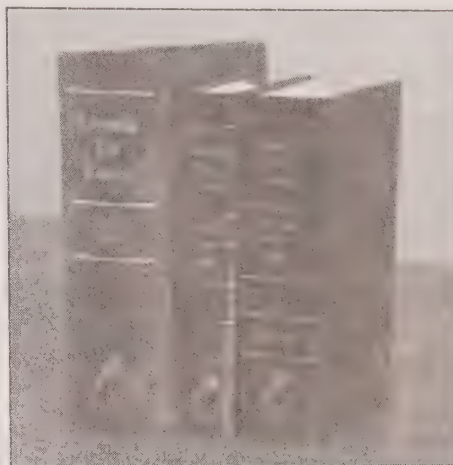
² Although the publishing house Prentice-Hall does not publish tax cases, it publishes monthly editorials of tax cases in the blue update sheet of its publication *Income Taxation in Canada*. These editorials are subsequently added to the tab "Cases" of *Income Taxation in Canada*.

Publication of Court decisions:

Only two commercial houses publish legal cases dealing with taxation [NOTE A]:



Dominion Tax Cases [DTC]
published by CCH



Canada Tax Cases [CTC]
published by Carswell

Each week or two, these commercial houses publish in looseleaf format the most recent tax cases and insert them in the following publications:

- volume entitled *Canada Tax Cases - New Series* [Carswell],
- volume entitled *Dominion Tax Cases - Current* [CCH].

At the end of a specific period – 12 months for CCH and six months for Carswell – the legal cases are assembled in a bound volume identified by the applicable year¹ [NOTE B].

In order to facilitate the research of legal cases, the two publishing houses have each elaborated a *consolidated index* of legal cases:

- **Canada Tax Cases Index and Citator** from Carswell is an annual consolidation of all the references to legal cases published in both the *Canada Tax Cases* and *Dominion Tax Cases* since 1972,
- **Dominion Tax Cases Consolidated Finding Lists** from CCH is an annual consolidation of all the references to legal cases published in the *Dominion Tax Cases* volume since 1920. Contrary to the Carswell's index, this index solely refers to *Dominion Tax Cases*.

¹ For example, a tax research undertaken in October 1995 in respect of the period January 1993 to October 1995 entails the study of the following volumes:

Dominion Tax Cases:

- . Volume 47 - 1993
- . Volume 48 - 1994
- . Looseleaf:
- «Current» - 1995

Canada Tax Cases:

- . Volumes 1 and 2 - 1993
- . Volumes 1 and 2 - 1994
- . Looseleaf:
- «New Series» - 1995

A Because of the large number of Interpretation Bulletins in circulation, the Department has compiled two indexes:

- an index by section of the Act and
- an index by subject.

These indexes are normally updated every December.

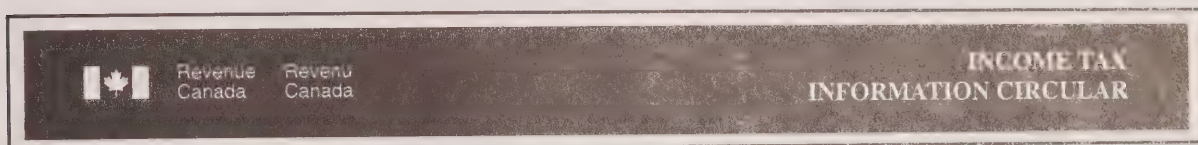
B Because of the large number of Information Circulars already published, the Department has compiled *an index by subject* which regroups these documents.

PUBLIC DOCUMENTS DISTRIBUTED BY REVENUE CANADA

In addition to the numerous brochures and guides which accompany or compliment the various tax returns, Revenue Canada publishes the following documents ¹:



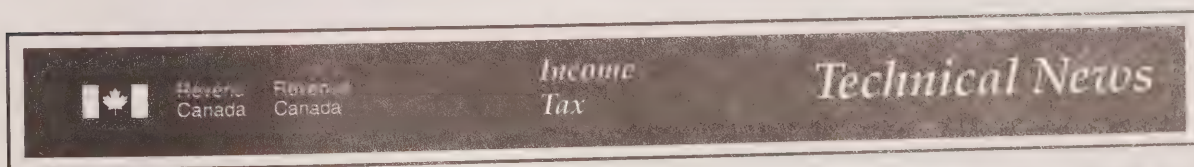
Interpretation Bulletins [IT]: The purpose of these bulletins is to explain the Department's interpretation of specific sections of the ITA [NOTE A].



Information Circulars [IC]: The objective of these documents is to inform the public of administrative procedures relative to the ITA [NOTE B].



Advance Tax Rulings [ATR]: These publications state the position of the Department vis-à-vis particular situations.



Income Tax Technical News [ITTN]: This publication was introduced in July 1994 and allows the Department to quickly comment on a wide variety of topics.

Because of the regular expansion of each of those publications, it is imperative to consult them regularly so as to reflect the Department's position in respect of any precise point of law.

Furthermore, just as for bound books, the information found in these documents suffers from rapid obsolescence. As a consequence, it is important to note the date of publication of a document to ensure a perfect correlation between the commentaries found therein and the legal text under study.

¹ The Department's employees can also obtain a computerized version of the Interpretation Bulletins and Information Circulars for use on their personal computers.

A Amongst the numerous indexes available, the following are particularly useful:

- the indexes published by the Canadian Tax Foundation [refer to page 27],
- the looseleaf publication entitled *Sommaires des textes et Index de recherche* de l'Association de Planification Fiscale et Financière [refer to page 29],
- the index by subject found at the back of every copy of the *Income Tax Act* published by CCH or Carswell,
- the consolidated indexes published by Carswell and CCH [see the description of these indexes on page 33] where legal cases dealing with Canadian tax law are regrouped.

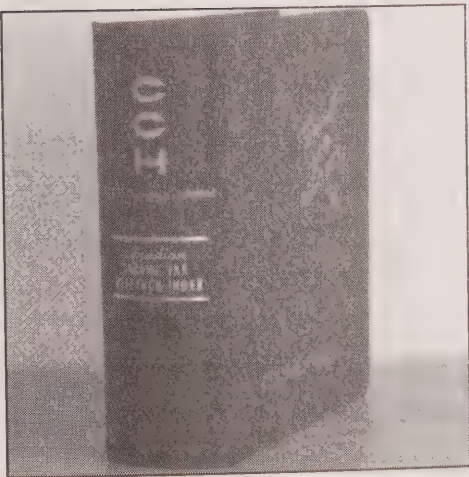
COMMERCIAL REFERENCE INDEXES

Although there exists numerous indexes dealing with the *Income Tax Act* [NOTE A], there are two which stand out because they make references, *by section of the Act or by word/subject*, to a multitude of tax documents published *since 1972*:



..... page 39

***Income Tax References /
Références à la loi de
l'impôt sur le revenu***
from Carswell



..... page 43

***Canadian Income Tax
Research Index***
from CCH

These two reference indexes frequently constitute the ideal place *to begin a tax research* since they offer the user, in a rapid and precise manner, a multitude of highly specialized tax documents.

INCOME TAX REFERENCES

RÉFÉRENCES À LA LOI DE L'IMPÔT SUR LE REVENU

This bilingual publication, which comprises well over 25,000 references, allows researchers to access rapidly and easily, *either by section of the Act or by word/subject*, almost every legal decision, periodical and government document dealing with taxation published *between 1972 and today*. This publication *is updated every two months* and consists of three looseleaf volumes containing the following tabs:

VOLUME 1972 - 1983:

- **References / Références:** regroups, by section of the ITA all the references to tax documents published between 1972 and 1983 inclusively.

VOLUME 1984 - 1993:

- **References / Références:** regroups, by section of the ITA, references to tax documents published between 1984 and 1993 inclusively.

VOLUME 1994 - :

- **User Guide / Guide de l'utilisateur:** enumerates the complete list of amendments and corresponding Bills as well as the list of legal cases *under appeal*,
- **Topical Index / Index par sujets:** converts a word to a section of the Act thereby allowing access to the references regrouped under the different sections of the ITA,
- **General References / Références générales:** lists and reproduces the *Table of Contents* of the most important tax volumes,
- **Supplement / Supplément:** adds, *every two months*, references to the most recently published tax documents. Once a year the references found in this section *are transferred* to the section "References / Références",
- **References / Références:** this section is updated once a year so as *to incorporate* the references originating from the section "Supplement / Supplément".

Because of its structure, this looseleaf system allows the user to begin his/her tax research by consulting either the different books or the numerous legal cases, periodicals and governmental documents. If the researcher wishes to begin his/her research:

- *by consulting books*, he/she will consult the references under the tab "General References / Références générales",

EXCERPT FROM "INCOME TAX REFERENCES"

List of material cited:

PERIODICALS

- *Association de Planification Fiscale et Financière:*
 - Colloques
 - Congrès
 - Recueil de fiscalité
 - Revue de planification fiscale et successorale
- *Business Quarterly*
- *CA Magazine*
- *CGA Magazine*
- *CMA Magazine*
- *Canadian Current Tax*
- *Canadian Petroleum Tax Journal*
- *Canadian Tax Foundation/Association Canadienne d'Études Fiscales:*
 - Atlantic Provinces Tax Conference
 - British Columbia Tax Conference
 - Canadian Tax Highlights
 - Canadian Tax Journal
 - Colloque sur la gestion fiscale
 - Conference Report
 - Corporate Management Tax Conference
 - Journées d'études fiscales
 - Ontario Tax Conference
 - Prairie Provinces Tax Conference
 - Recent Developments in the Tax Treatment of the Petroleum Industry
 - Séminaires techniques
- *Canadian Tax News*
- *The Canadian Taxpayer*
- *Corporate Tax Planning Series*
- *Estates and Trusts Journal*
- *The Journal of Business Valuation*
- *Personal Tax Planning Series*
- *Taxation of Executive Compensation and Retirement*
- over 20 other periodicals and specialized journals

COURT CASES

- *Canada Tax Cases [CTC]*
 - *Canadian Tax Journal [CTJ]: Current cases*
 - *Dominion Tax Cases [DTC]*
- Starting in 1982, references include a brief annotation.

OTHER DOCUMENTS

References to governmental publications are listed in the following order:

- 1- Interpretation Bulletins
- 2- Information Circulars
- 3- Advance Tax Rulings
- 4- Revenue Canada Technical News
- 5- Regulations

LIMITATION RE DEDUCTIONS OF INTEREST
BY CERTAIN CORPORATIONS /

18(4) to

RESTRICTION DE LA DÉDUCTION
D'INTÉRÊTS PAR CERTAINES CORPORATIONS

18(8)

PERIODICALS AND COURT CASES / PÉRIODIQUES ET CAS JUDICIAIRES

1984

COCHRANE, E. Cal. "Use of Vehicles Other than Corporations in Purchase and Sale Transactions". *Corporate Management Tax Conference 1984*. Canadian Tax Foundation. p. 138-155.

MALACH, David and Leslie Morgan. "Some Pitfalls in Reorganizations of Foreign Corporations Having Canadian Subsidiaries". *Canadian Tax Journal*. Vol. 32, No. 5, September-October 1984. p. 951-968.

Thyssen Canada Ltd. v. The Queen. FC, [1984] CTC 600, DTC 6539. Late payment charges paid to non-resident parent company did not constitute interest charges.

1985

MacKNIGHT, Robin J. "Recent Developments in Federal Taxation of Interest to the Resources Industries". *Alberta Law Review*. Vol. XXIV, No. 1, 1985. p. 115-142.

1986

DEAVES, Brian M. "Advising Non-residents on Taking Care of Canadian Business"/"Les non-résidents et leurs entreprises au Canada". *CA Magazine*. Vol. 119, No.7, July/juillet 1986. p. 52-59, 59-63.

LINDSAY, Robert F. "Financing of a Canadian Subsidiary by a Non-resident Parent Corporation". *Corporate Management Tax Conference 1986*. Canadian Tax Foundation. p. 48-80.

WEBB, Gary J. "Financing by Non-residents". *Corporate Management Tax Conference 1986*. Canadian Tax Foundation. p. 429-460.

1987

DUVAL, Gabriel. "Acquisition et disposition d'une entreprise canadienne par un non-résident". *Colloque de l'AQPFs sur l'achat et vente d'entreprise*, mai 1987, 2^e journée. AQPFs". 76 p.

DUVAL, Gabriel. "Acquisition et disposition d'une entreprise canadienne par un non-résident". *Revue de planification fiscale et successorale*. AQPFs, Vol. 9, n° 3, septembre 1987. p. 413-468.

McNAIR, D. Keith. "Restricted Interest Expense". *Canadian Tax Journal*. Vol. 35, No. 3, May-June 1987. p. 616-649.

Uddeholm Ltd. v. The Queen. FCTD, [1987] 2 CTC 236, DTC 5431. Thin capitalization rules applied.

The Queen v. Thyssen Canada Ltd. FCA, [1987] 1 CTC 112 & 3808, CTJ 143, DTC 5038. Late payment charges paid to non-resident parent company constitute interest on outstanding debts paid to specified non-residents (revg [1984] CTC 600, DTC 6539).

1988

CARSLEY, Martin. "Loan Receivables Denominated in a Foreign Currency". *Canadian Current Tax*. Butterworths, Vol. 2, No. 19, July 1988. p. P31-P32.

1989

TREMBLAY, André. "Autres modes de financement". *Séminaires techniques 1989-II*. Canadian Tax Foundation. TAB 4, 51 p.

1990

LENGVARI, George F. "Financement et fiscalité internationale". *Congrès 90*. APFF. p. 257-297.

MACAULAY, William J. "Non-Residents and Canadian Real Estate". *British Columbia Tax Conference 1990 - Vol. II*. Canadian Tax Foundation. TAB 14, 94 p.

INTERPRETATION BULLETINS / BULLETINS D'INTERPRÉTATION

IT-59R3 Interest on Debts Owing to Specified Non-Residents (Thin Capitalization)/ Intérêts sur des dettes non encore payées à des non-résidents déterminés (Capital-actions réduit).

IT-121R3 Election to Capitalize Cost of Borrowed Money / Choix de capitaliser le coût d'emprunts.

- *by consulting legal cases, periodicals and government documents*, he/she will then consult the references under the tabs "References / Références" and "Supplément / Supplément".

Furthermore, each update to *Income Tax References* is accompanied by a brown circulating copy entitled "Tax Reference Highlights / Références fiscales à noter". This document lists, *by different title of publications*, all recently published articles and court cases [including a brief annotation] that were incorporated in the "Supplément" section by a particular release. Consequently, this document informs the user of *every important Canadian writing* published within the most recent period.

You will find on the opposite page an excerpt of a page¹ found under the divider "*References / Références*" of the 1984 - 1993 volume which deals with subsections 18(4) to 18(8) *for the period 1984 to 1990*². In addition, listed on that page are all the documents cited within this publication.

¹ The format of the excerpt presented on page 40 *is smaller* than the actual format.

² The same subsections 18(4) to 18(8) were selected as an excerpt from *Canadian Income Tax Research Index [CCH]* on page 42 so as to allow a comparison between the two reference systems.

EXCERPT FROM "CANADIAN INCOME TAX RESEARCH INDEX"¹

List of material cited:

PERIODICALS

- *Business Quarterly*
- *CA Magazine*
- *CGA Magazine*
- *Canadian Business*
- *Canadian Current Tax*
- *Canadian Petroleum Tax Journal*
- *Canadian Tax Foundation/Association Canadienne d'Études Fiscales:*
 - *Conference Report*
 - *Corporate Management Tax Conference*
 - *Canadian Tax Journal*
- *Estates and Trusts Journal*
- *Pension Tax Reports*
- *Revue de planification fiscale et successorale*
- *Taxation of Executive Compensation and Retirement*
- *Tax Management International Journal*
- *Tax Profile*
- 2 other periodicals

NEWSPAPERS

- *The Bottom Line*
- *The Financial Post*
- *Financial Times of Canada*
- *The Globe and Mail*
- *Law Times*
- *The Lawyers Weekly*
- *National*
- 2 other newspapers

COURT CASES

- *Dominion Tax Cases [DTC]*
- *Canadian Tax Journal [CTJ]: Current Cases*

ITA 18(4)

THIN CAPITALIZATION

Late payment charges were interest — Thyssen Canada Ltd 87 CTJ 143 ITA 18(7)

Late payment charges were interest — Thyssen Canada Ltd 87 DTC 5038 (FCA) ITA 18(7)

Thin capitalization rules applied — Uddeholm Limited 87 DTC 5431 (FCTD)

ITA 18(7)

THIN CAPITALIZATION

Late payment charges were interest — Thyssen Canada Ltd 87 CTJ 143 ITA 18(4)

Late payment charges were interest — Thyssen Canada Ltd 87 DTC 5038 (FCA) ITA 18(4)

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CANADIAN INCOME TAX RESEARCH INDEX

This publication allows the user to access, either *by section of the Act or by word/subject*, a limited number of legal cases, periodicals and governmental documents dealing with taxation documents published between 1972 and today. This document, which is *updated every three months*, is made up of a looseleaf volume comprising the following dividers:

- **Subject Index:** regroups the references alphabetically by subjects,
- **Legal Reference Index:** regroups by section of the Act *the same references* found in the above-described "Subject Index",
- **Tax Books:** lists the titles of recent tax publications accompanied by a brief description of the content of each volume,
- **Tax Conferences:** lists the recent tax conferences held as well as those to come,
- **Topical Index:** converts a word to a section of the Act thereby allowing access to references found under the tab "*Legal Reference Index*",
- **Abbreviations:** explains the significance of the numerous abbreviations used throughout the work.

You will find on page 42 an excerpt of a page ¹ found under the tab *Legal Reference Index* which deals with subsections 18(4) to 18(8) ² *for the period 1984 to 1990*. In addition, listed on that page are the different documents cited within this publication.

¹ The format of the excerpt presented on page 42 is smaller than the actual format.

² The same subsections 18(4) to 18(8) were selected as an excerpt from *Income Tax References / Références à la loi de l'impôt sur le revenu [Carswell]* on page 40 so as to allow a comparison between the two reference systems.

A The computerized system *Canadian Tax Online* offers, amongst others, the following databases:

• **Income Tax News / Bulletin Board:**

- News: All Sources
- News: Specific Sources
- Bulletin Board: Pound's Tax Case Notes
- Bulletin Board: Cases under appeal

• **Federal Income Tax Legislation & Official Materials:**

- Practitioner's Income Tax Act
- Income Tax Act
- Income Tax Regulations
- Income Tax Application Rules
- Bills Amending the Income Tax Act
- IT Bulletins / Information Circulars
- Published Advance Rulings
- Department of Finance Releases
- Revenue Canada News Releases / Backgrounders
- Budget Documents
- Technical Notes

• **Federal Income Tax Cases 1972 to today:**

• **Canadian Tax Foundation:**

- Author's Index (1945-88)
- Subject Index (1986-88)
- Case Index (1986-88)
- Title Index (1986-88)
- Round Table Discussion Papers
- Foundation Publications

B The computerized system *Quicktax* offers, amongst others, the following databases:

- Advance Tax Rulings
- Canada Taxation Publications [A global database containing the Advance Tax Rulings, Tax Information Circulars and the Tax Interpretation Bulletins]
- Dominion Tax Cases [Digests since 1920 and full text with digests since 1985]
- Federal Court Reports [Headnotes of decisions since 1971]
- Federal Court Judgments [Full text of all Appeals and Trial decisions since 1986]
- Federal Income Tax Bulletin Board [Summarized announcements with choice of full text court decisions, Canadian International Trade Tribunal decisions, Interpretation Bulletins, Information Circulars, Department of Finance press releases, Advance Tax Rulings, Progress of Bills, Draft Legislation and other materials from CCH Canadian and QL Systems]
- Federal Trial Reports [Headnotes of decisions of the Federal Court, Trial Division since 1986]
- Income Tax Act and Application Rules
- Income Tax Bills
- Income Tax Legislation [Global database which searches the following databases simultaneously: ITA, ITR]
- Income Tax Regulation
- Supreme Court Judgments [Full text of all decisions, with S.C.R. headnotes since 1985]
- Supreme Court Reports [Headnotes from 1876 to 1984]
- Tax Court Appeals List
- Court Judgments [Full text of all decisions since January, 1986]
- Tax Interpretation Bulletins
- Tax information Circulars
- Tax Newsletters from CCH [A full text database of CCH Canadian newsletters including "Tax Topics", "Tax Profile", "As a Matter of Tax" and the "Goods and Services Tax Monitor"]

COMMERCIAL DATABASES

Commercial databases dealing with Canadian tax law have grown in numbers through the years. Of all the systems available, the ones described below are the best known:

Online systems:

These systems offer up to the minute information as they are continually updated. There are three systems which cover tax information specifically:

- **Canadian Tax Online [Carswell]:** this system reproduces, amongst other things, the *Income Tax Act* and Regulations, the complete text of legal decisions since 1972, news releases from the Department of Finance and Revenue Canada as well as the complete text of Interpretation bulletins, Information circulars and Tax rulings [NOTE A],
- **Quicktax [QL Systems Ltd.]:** this system offers, amongst other things, the summary of legal decisions heard between 1920 and 1985 and the complete text for 1986 and subsequent years. In addition, this system reproduces CCH's *Income Tax Act*, the Interpretation bulletins, Information circulars and Tax rulings [NOTE B],
- **Info Globe [Globe and Mail]:** this system regroups, amongst other things, news releases from the Department of Finance and Revenue Canada, complete texts of the Interpretation bulletins, Information circulars and Tax rulings as well as the status of different Bills currently before the House of Commons.

Systems on diskettes:

Contrary to online systems, information on diskettes is usually updated on a monthly or quarterly basis. It is therefore important to realize that the latest tax events will probably *not be part* of the information available. Of all the systems available on diskettes, five stand out:

- **Electronic Tax Products [CCH]:** this service offers five separate products:
 - *Dominion Tax Cases (Current Year):* reproduces all reported income tax decisions from the Tax Court of Canada and its predecessors,
 - *Canadian Tax Reports Commentary:* reproduces the tax commentary and Case annotations found in the *Canadian Tax Reporter* looseleaf service,
 - *Income Tax Act and Regulations, Bulletins, Circulars and Rulings:* reproduces the *Income Tax Act*, Regulations, Interpretation Bulletins, Information Circulars and Tax Rulings,
 - *Window on Canadian Tax:* this service provides commentary on the most important tax documents obtained under the *Access to Information Act*,
 - *Tax Window Files:* this product consolidates all original documents obtained under the *Access to Information Act* and used in the *Window on Canadian Tax* service described above,
- **Revenue Canada Views [Carswell]:** this system searches through 15 years of tax interpretation and opinions published by Revenue Canada,

A The publication *Sommaires des textes et Index de recherche*¹ regroups the following elements:

- **thousands of summaries** which facilitate the evaluation of the pertinence of texts dealing with a particular question and allow for the saving of numerous hours of research. These summaries relate to all the articles and texts published by the APFF for the period 1978 to today,
- **different subjects** regrouped in an "index-sujets" for greater speed and efficiency in the research,
- an "index des auteurs".

¹ This computerized system is also available in looseleaf form.

- **Electronic Tax Act [Prentice-Hall]:** this system reproduces the complete Income Tax Act, Regulations, Interpretation Bulletins, Information Circulars, Tax Rulings and tax commentaries found in the *Income Taxation in Canada* looseleaf service,
- **Sommaires des textes et Index de recherche [Association de Planification Fiscale et Financière]:** this computerized system contains a summary of all the documents published by the APFF since 1978 [NOTE A].
- **TAXFIND [Canadian Tax Foundation]:** this database reproduces the full text of specific documents published by the Canadian Tax Foundation since 1991.

Systems on CD-ROMs:

The information contained on CD-ROMs is usually updated monthly. The following tax related CD-ROMs are currently available on the market:

- **TaxPartner [Carswell]:** this single CD-ROM disc offers full references to services such as the Income Tax Act, Regulations, Applications Rules, cases and treaties, Revenue Canada Views, Department of Finance Technical Notes, and much more,
- **Electronic Tax Library [CCH]:** this single CD-ROM disc offers full references to services such as the Income Tax Act, Regulations, Bulletins, Circulars, Rulings, Canadian Tax Reports, Commentary, Tax Cases, Tax Window Files, Window on Canadian Tax and to the Canadian Master Tax Guide ¹.

There is no doubt that during the coming years, the transmission of computerized tax information will become increasingly particular. Even though the computerized systems are often "separate and distinct from one another" we already see efforts on the part of different publishing houses to regroup this mass of information in one organized and understandable system. This evolution will considerably facilitate tax research as it will offer, *from a central location*, all the documents pertinent to a particular research.

Now that the content of the different commercial publications on taxation is known, what about internal documents used by the Department's employees? This topic will be the subject of Chapter III.

¹ Some of the services offered with the *Electronic Tax Library* are also available separately on CD-ROM.

CHAPTER III

INTERNAL DOCUMENTS

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A The documents to which this index makes reference are the following:

- different Tax Operation Manuals (TOM),
- numerous directives published by different divisions of Head Office,
- telexes,
- Hotline questions [i.e. these questions ceased to be published in 1986],
- Interpretation bulletins, Information circulars and Tax rulings.

INTERNAL DOCUMENTS

The Department of Revenue Canada publishes numerous internal documents which are divided into three distinct categories:

- operation manuals,
- computerized databases, and
- training documents.

Operational manuals:

There is only one manual which exclusively relates to the *Income Tax Act*: **TOM 13**. The purpose of this manual is to give auditors guidelines in respect of the application of the *Income Tax Act* and its regulations. These guidelines represent the administrative policy taken by the Department in cases where the law was not clear, such as for example, where a contradictory position or interpretation could be made or given in a particular case or still yet, when an interpretation or a strict application of the law, conforms from a technical point of view, but could have unforeseen tax consequences. These guidelines complement the technical interpretation of the law as established in the Interpretation bulletin.

Computerized databases:

There are presently three computerized databases that have been developed by the Department:

- the index of reference material by section of the Act,
- the legislation information bank [LIB] and
- the public enquiries information bank [PEIB].

Index of reference material by section of the Act lists, under each section of the ITA, all the documents published by the Department [NOTE A]. This index is in some ways the "internal equivalent" of the two commercial reference indexes previously described on pages 36 to 43. An employee who utilizes this index in the course of doing his research must at all times be conscious that the index does not necessarily contain the most recent documents as the index *is not updated regularly*.

Legislation information bank reproduces all the letters written by the Department in respect of each section of the Act. This database is available on a limited basis in various District offices to ensure that the law is applied within the norms established by the Department. In order to provide easy access to the desired information, this database can be accessed in one of two ways: *by section of the Act or by word*.

Public enquiries information bank regroups and reproduces various guides, Interpretation bulletins, Information circulars or Tax rulings to which the Department's employee must refer when responding to taxpayer's requests. Information contained in this database is primarily accessed by word/subject.

A The flowcharts cover the following tax subjects:

- GA-1 - Tax implications as a result of a loan or debt [15(2), 80.4, 17],
- GA-2 - Transactions between a shareholder and its corporation [15(1), 82, 83, 84, 112],
- GA-8 - Related persons and associated corporations [251, 252, 256],
- GA-9 - Losses of current year and losses carried over [3, 111].

B To date, there are approximately 70 *Research Guides* that have been published or are in the process of being published. Please consult the tab "Index" in the *Tax Research Manual* to obtain a complete list of the Research Guides available.

C There are seven *Tax Analyses* that have been published:

- TA-1 Share for share exchange [85.1],
- TA-2 Non-arm's length sale of shares [84.1],
- TA-3 Exchange of shares by a shareholder in the course of a reorganization of capital [86],
- TA-4 Agreement to issue shares to employees [7, 110(1)(d), (d.1)],
- TA-5 Available for use rules [13(26) - (32)],
- TA-6 Rental property [16.1],
- TA-7 Reasonable expectation of profit [9, 18(1)(a), 18(1)(h)].

D To date, the section entitled *Current Amendments* incorporates the technical changes introduced by the following Bills:

- Bill C-28 [S.C. 1990, c. 39],
- Bill C-62 [S.C. 1990, c. 45],
- Bill C-18 [S.C. 1991, c. 49],
- Bill C-80 [S.C. 1992, c. 48],
- Bill C-92 [S.C. 1993, c. 24],
- Bill C-9 [S.C. 1994, c. 8],
- Bill C-27 [S.C. 1994, c. 21],
- Bill C-59 [S.C. 1995, c. 3],
- Bill C-70 [S.C. 1995, c. 21].

Training documents:

There are three types of training documents published by the Training and Development Directorate [T&D] which could prove particularly useful in the course of a tax research:

- course notes distributed during various tax courses,
- flowcharts and
- the *Tax Research Manual*.

Course notes distributed during a tax course frequently become research documents of first choice as they reflect the Department's position in respect of different points of law. A copy of these documents can usually be found in the libraries of various District offices¹.

Flowcharts which fragment various sections of the Act into a multitude of questions to which the reader must respond. These flowcharts, which have the *unique ability* to adapt to each research situation, are particularly useful in the analysis of complex tax situations since they ascertain that *all questions* are asked in an organized manner so as to minimize the utilization of time and ensure a good interpretation of the facts.

Though the first flowcharts only covered a specific section of the Act [ex. GA-3 which only covered paragraph 20(1)(gg)] they rapidly progressed to *tax subjects* where a multitude of related sections of the Act are *simultaneously* analyzed [NOTE A]. T&D currently updates solely the flowcharts which cover *tax topics*.

Tax Research Manual is a looseleaf system made up of two binders which serves both as a self-study system and as a reference tool in existing tax courses. The system contains four different types of documents:

- **Research Guides** which are documents of 4 to 8 pages, each covering less complex sections of the Act. These Guides, even though smaller, essentially have the same characteristics as the Tax Analyses described immediately below [NOTE B],
- **Tax analyses** which are brochures that may contain up to 40 pages, each one covering complex sections of the Act. This document is composed of the following elements:
 - a brief introduction of the subject,
 - a detailed analysis of the legal text divided into components [Situation, Implication, Exception, Definition] and where can be found *key words* and *commentaries*,
 - a summary example which relates to the entire legal text,
 - additional information such as references of particular interest or related sections [NOTE C].
- **Current Amendments** where are found the explanatory notes which normally accompany Bills amending the *Income Tax Act* [NOTE D]. The many amendments are rated in order of importance and numerous commentaries are added to help explain the amendments.
- **Tax Research** where a copy of this brochure is kept in *looseleaf form*. This segment is updated *periodically* in order to keep its content current.

¹ Certain course notes are in computerized format. This is the case for all the courses that are part of the *Computer Based Training [CBT]* program.

This last commentary completes the study of the internal documents published by the Department. These comments also complete **Part 1** of this document entitled "Study of the different research documents". Throughout Part 1, different types of research documents were analysed so as to help the researcher familiarize himself/herself with the content of each one. Now that this objective has been attained, procedures for the proper selection of research documents must be developed.

The objective of **Part 2 - Selection of Research Documents** will therefore be to develop a technique by which the researcher will be able to quickly select the volumes which can most adequately meet his/her needs.

CHAPTER IV

SELECTION OF RESEARCH DOCUMENTS

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SELECTION OF RESEARCH DOCUMENTS

The previous chapters have clearly demonstrated that a wide variety of research documents such as

- books,
- looseleaf systems,
- newsletters,
- journals, magazines and
- numerous governmental documents

could be consulted in the course of a tax research. Considering that these documents become working tools, it is imperative for the researcher to be highly knowledgeable with both the qualitative and quantitative content of each so as to undertake the crucial phase of an effective tax research: *the judicious selection of research documents*.

The selection of the research documents is undoubtedly the most difficult element of a tax research since it entails two major obstacles:

- the limited amount of time in which to complete the tax research and
- the wide variety of documents available.

Limited amount of time: It goes without saying that if a researcher had at his/her disposal unlimited time to perform his/her tax research, there would be no reason for him to improve the technique of a good research. However, reality is quite different. A tax research must normally be completed with due diligence in a limited amount of time because of either the high costs involved or the restricted amount of time available in which to make a decision. Once again, the time constraint can only be effectively met if the researcher is able to gain a thorough understanding of all research documents at his/her disposal.

Wide variety of documents available: Even though the researcher may be aware of the existence and content of each tax publication, he/she nonetheless has to recognize that he/she will normally be unable to consult them all due to lack of time. In order to elaborate a priority system in the selection of research documents, it is worth studying the research process itself and understanding some of its particularities. The analysis of the concept of a tax research reveals that there are only two main categories of tax research:

- a tax research by WORD/EXPRESSION, or
- a tax research by SECTION OF THE ACT.

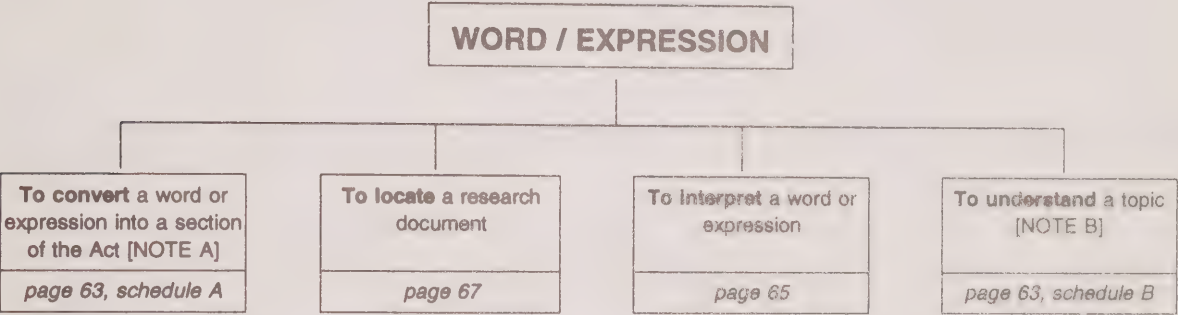
Since most tax research can be regrouped under the umbrella of *a word/expression or a section of the Act*, it becomes possible to reduce the number of research documents that should appropriately be selected. To attain this objective, a *schematic analysis* has been developed in which are analyzed the different reasons why a research by word/expression or by section of the Act can be undertaken. This system allows the researcher to isolate his/her type of research and refers him/her to a list of research documents which will, in all probabilities, meet his/her expectations.

- A Once the word has been converted into a section of the Act, the researcher may pursue his/her research by consulting the references suggested whenever a ***Tax research by section of the Act*** is undertaken.
- B An example of a tax research undertaken so as *to understand a topic* would be a research undertaken to understand *the basic rules of the capital gain/loss calculation*.

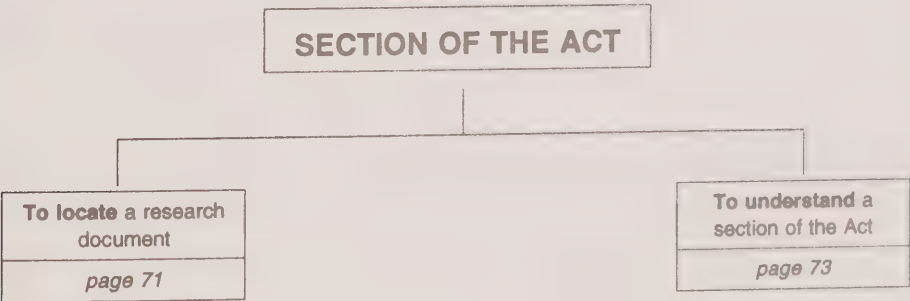
Schematic analysis:

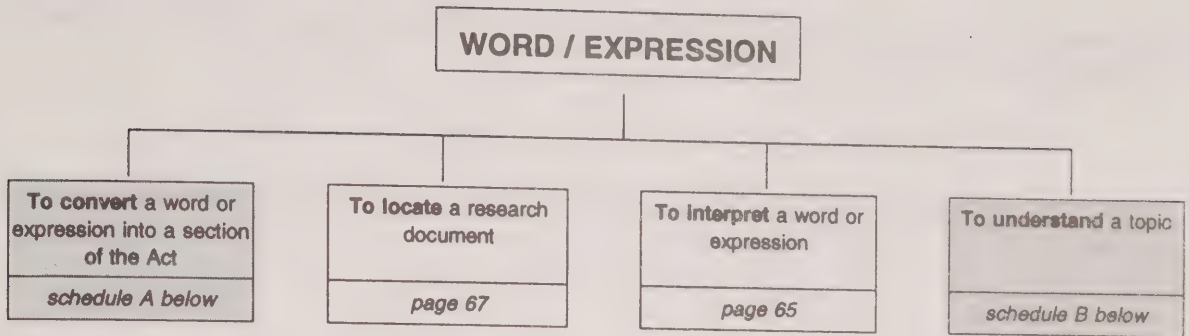
From the different types of research by word/expression or by section of the Act listed below, *select* the type that corresponds the most to your needs and continue your analysis at the given page:

Tax research by word/expression:



Tax research by section of the Act:





Schedule A: The following is the suggested reference material to *convert a word or expression into a section of the Act*:

- Income Tax References [Carswell]: under *Subject Index*,
- Canadian Income Tax Research Index [CCH]: under *Topical Index*,
- Income Taxation in Canada [Prentice-Hall]: under *Cross Reference Tables*,
- Index found in any copy of the ITA.

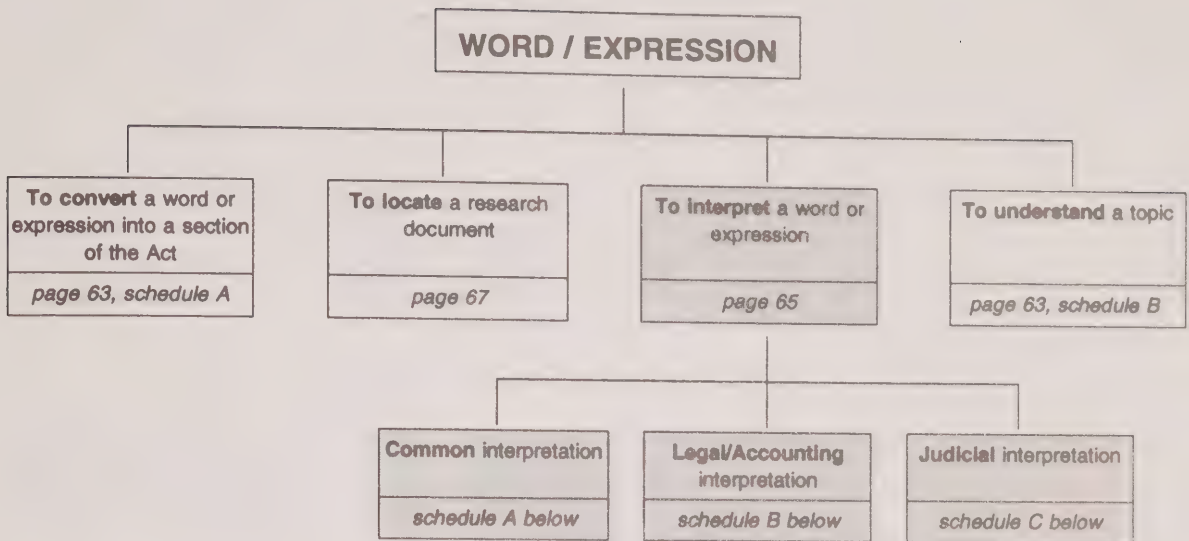
N.B.: Additional reference material can be obtained if the section of the Act is used to undertake a *Tax research by section of the Act* [refer to page 71].

Schedule B: The following is the suggested reference material to *understand a topic using a word*:

- Income Tax References [Carswell]: under *General References* to access the Table of Contents of the most important tax publications,
- Canadian Income Tax Research Index [CCH]: under *Tax Books*,
- Income Taxation in Canada [Prentice-Hall],
- Canada Tax Manual [Carswell],
- Canada Income Tax Guide [CCH],
- Interpretation Bulletins [RCT]: under *Topical Index*.

N.B.: Additional reference material can be obtained if the word/expression is converted into a section of the Act [refer to schedule A above].

- A An example of a *common interpretation* would be where the researcher is trying to determine *the common ordinary meaning* of the word "disposition".
- B An example of a *legal/accounting interpretation* would be where the researcher is trying to determine *the specialized meaning* of the word "disposition".
- C An example of a *judicial interpretation* would be where the researcher is trying to determine *the Court's definition* of the word "disposition".



Schedule A: The following is the suggested reference material *to obtain a common interpretation of a word*:

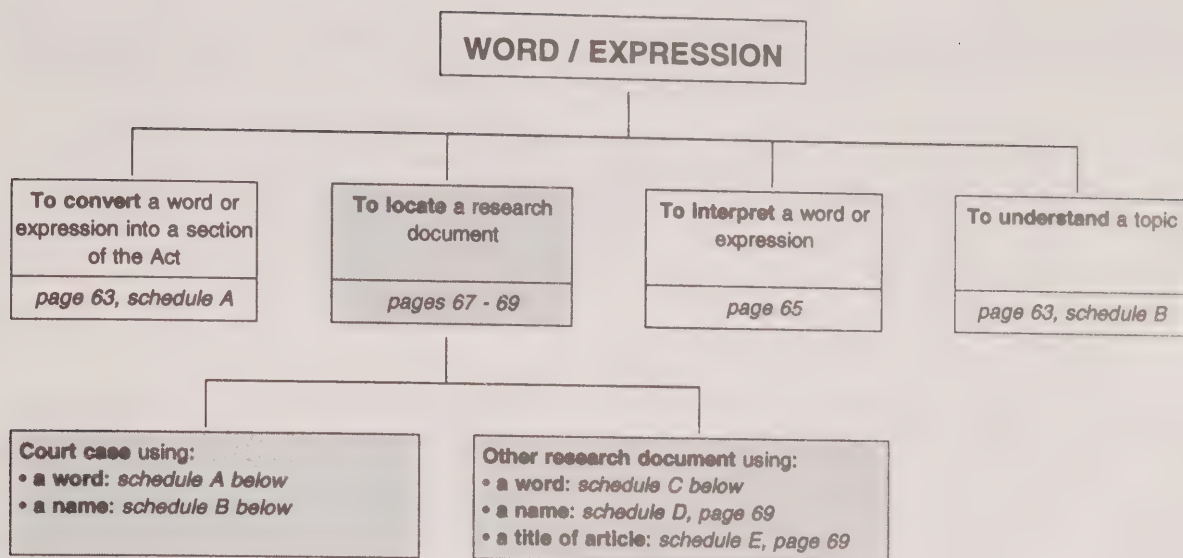
- Webster's New Collegiate Dictionary,
- Harrap's Dictionary,
- Robert & Collins Dictionary,
- Any other similar dictionaries.

Schedule B: The following is the suggested reference material *to obtain a legal/accounting interpretation of a word*:

- Accounting Dictionary [CICA],
- Black's Law Dictionary,
- The Dictionary of Canadian Law [Carswell],
- Canadian Law Dictionary [Baron's Educational Series, Inc.],
- Osborne's Concise Law Dictionary,
- International Tax Glossary [International Bureau of Fiscal Documentation],
- Income Tax Act: sections dealing with definitions such as section 13, 54, and 248.

Schedule C: The following is the suggested reference material *to obtain a judicial interpretation of a word*:

- Canada Tax Words, Phrases and Rules [Carswell]: under *Supplement* and under *Words and Expressions*,
- Words & Phrases, Legal Maxims [Carswell].



Schedule A: The following is the suggested reference material to locate a court case using a word:

- DTC Consolidated Index [CCH]: under *Topical Index*,
- CTC Index and Citator [Carswell]: under *Topical Index*,
- Canada Tax Cases [Carswell]: under *Topical Index*,
- Dominion Tax Cases [CCH]: under *Topical Index*,
- Canadian Tax Online [Carswell]: under *Federal Income Tax Cases 1972 to today*,
- Quicktax [QL Systems Ltd.]: under *Dominion Tax Cases*,
- Tax Case Digest [Prentice-Hall]: under *Cases by Subject*.

Schedule B: The following is the suggested reference material to locate a court case using a name:

- DTC Consolidated Index [CCH]: under *Case Table*,
- CTC Index and Citator [Carswell]: under *Cases Reported*,
- Canada Tax Cases [Carswell]: under *Cases Reported*,
- Dominion Tax Cases [CCH]: under *Case Table*,
- Canadian Tax Online [Carswell]: under *Federal Income Tax Cases 1972 to today*,
- Quicktax [QL Systems Ltd.]: under *Dominion Tax Cases*,
- Tax Case Digest [Prentice-Hall]: under *Table of Cases* and under *Table to Current Cases*.

Schedule C: The following is the suggested reference material to locate a research document using a word:

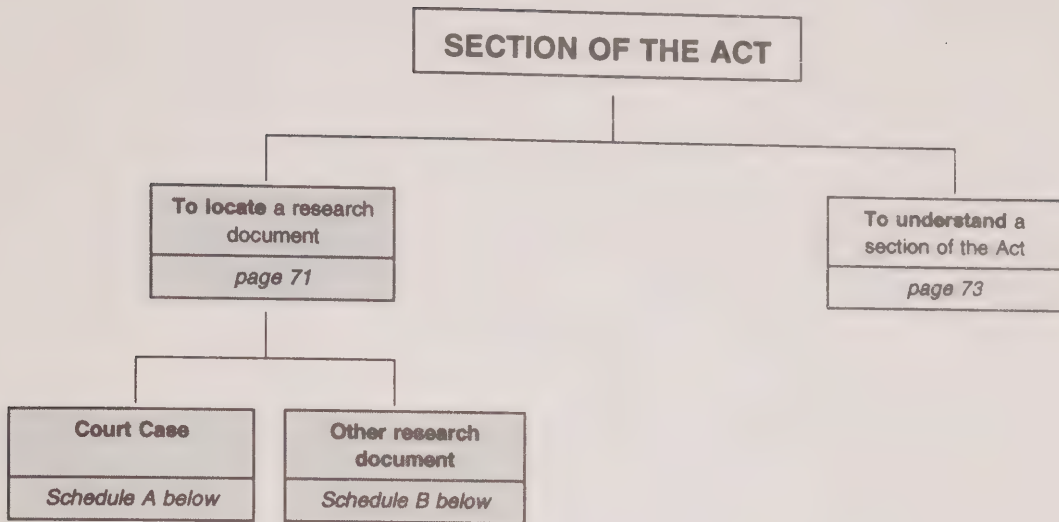
- Cumulative Indexes [CTF]: under *Subject Index*,
- Canadian Tax Journal, No. 6 of each year [CTF]: under *Subject Index*,
- Canadian Income Tax Research Index [CCH]: under *Topical Index*.
- Sommaires des textes et Index de recherche [APFF]: under *index - sujets*,
- Congrès [APFF]: under *Index par sujet*,
- The Canadian Taxpayer [Carswell]: under *Index*,
- Tax Profile [CCH]: under *Topical Index*,
- Canadian Current Tax [Butterworths]: under *Index and Case Table*.

Schedule D: The following is the suggested reference material *to locate a research document using an author's name:*

- Cumulative Indexes [CTF]: under *Author Index*,
- Canadian Tax Journal, No. 6 of each year: under *Author Index*,
- Sommaires des textes et Index de recherche [APFF]: under *Index des auteurs*,
- *Congrès* of each year [APFF]: under *Index par auteurs*.

Schedule E: The following is the suggested reference material *to locate a research document using a title of an article:*

- Cumulative Indexes [CTF]: under *Title Index*,
- Canadian Tax Journal, No. 6 of each year [CTF]: under *Titles Index*.

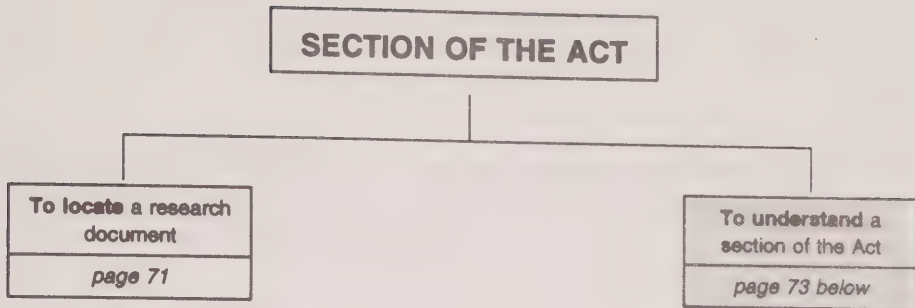


Schedule A: The following is the suggested reference material *to locate a court case* using a section of the Act:

- DTC Consolidated Index [CCH]: under *Citator*,
- CTC Index and Citator [Carswell]: under *Statutory References*,
- Canada Tax Cases [Carswell]: under *Statutory References*,
- Dominion Tax Cases [CCH]: under *Citator*,
- Income Tax References [Carswell]: under *Supplement* and under *References*,
- Canadian Income Tax Research Index [CCH]: under *Legal References Index*,
- Canadian Tax Online [Carswell]: under *Federal Income Tax Cases 1972 to today*,
- Quicktax [QL Systems Ltd.]: under *Dominion Tax Cases*,
- Tax Case Digest [Prentice-Hall]: under *Cases* and under *Current Cases*.

Schedule B: The following is the suggested reference material *to locate a research document [other than a court case]* using a section of the Act:

- Income Tax References [Carswell]: under *Supplement* and under *References*,
- Canadian Income Tax Research Index [CCH]: under *Legal References Index*,
- *Congrès* [APFF]: under *Index par articles de loi*,
- Tax Research Manual [T&D]: under *Index - Index by section of the Act* and under *Current Amendments - Consolidated Index*,
- Canadian Current Tax [Butterworths]: under *Index and Case Table*,
- The Canadian Taxpayer [Carswell]: under *Index - Income Tax Act*.



The following is the suggested reference material *to understand a section of the Act*:

- Canada Tax Service [Carswell],
- Canadian Tax Reporter [CCH],
- Tax Research Manual [T&D]: under *Index - Index by section of the Act*,
- Interpretation Bulletins [RCT]: under *Sectional Index*.

CONCLUSION

As was demonstrated throughout this publication, a professionally-managed tax research revolves around being able to interconnect the following elements:

- number of reference materials available,
- time constraint, and
- judicious selection of research documents.

Chapters I, II, and III of this publication have provided an outline of the *various reference materials available* while Chapter IV dealt with the elements of *time constraint* and *judicious selection of research documents*.

Although this publication has attempted to provide a detailed analysis of all the elements that make up a professionally-managed tax research, it does not purport to have resolved the intricacies of every individual tax research. However, as this publication was also published in a looseleaf format as part of the *Tax Research Manual*, the Training and Development Directorate [T&D] will strive to continue improving its content. To that end, the looseleaf version of *Tax Research in a Library* will be regularly updated and any suggestions regarding its content should be addressed to T&D [NOTE A]. All suggestions received will be carefully considered.

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